

VZCZCXRO4288
RR RUEHGI RUEHJO RUEHTRO
DE RUEHNJ #1073/01 230112Z
ZNR UUUUU ZZH
R 181122Z AUG 06
FM AMEMBASSY NDJAMENA
TO RUEHC/SECSTATE WASHDC 4260
INFO RUEHGI/AMEMBASSY BANGUI 1231
RUEHDJ/AMEMBASSY DJIBOUTI 0111
RUEHKH/AMEMBASSY KHARTOUM 0320
RUEHLO/AMEMBASSY LONDON 1533
RUEHFR/AMEMBASSY PARIS 1948
RUEHSA/AMEMBASSY PRETORIA 1040
RUEHTRO/AMEMBASSY TRIPOLI 0305
RUEHYD/AMEMBASSY YAOUNDE 1335
RUEHJO/AMCONSUL JOHANNESBURG 0016

UNCLAS SECTION 01 OF 04 NDJAMENA 001073

SIPDIS

SENSITIVE
SIPDIS

PLEASE PASS TO CODEL OBAMA

E.O. 12958: N/A
TAGS: [PREL](#) [PREF](#) [PHUM](#) [PGOV](#) [CD](#) [SU](#)
SUBJECT: CHAD SCENESETTER

¶1. (SBU) Summary: Chad sits precariously between the Darfur conflict to its East, the chronically unstable Central African Republic to its South, and Niger, an equally impoverished neighbor to the West. Past a vast mine-pocked desert -- home to a tenacious but isolated Chadian insurgency -- lies Libya. Chad's post-colonial history has been one of isolation, political instability, pauperization and deepening ethnic divisions. But Chad is also an increasingly important player for U.S. policy interests in central Africa. President Deby's sixteen-year regime has brought the country its longest period of peace since independence and allowed a U.S.-led oil consortium to invest heavily in Chad's previously untapped oil resources. Chad is host to over 200,000 Sudanese refugees fleeing perhaps the world's most serious humanitarian crisis in Darfur. Notwithstanding challenges from fundamentalist groups, Chad's leaders support a moderate and tolerant Islam and welcome U.S. counter-terrorism cooperation. Building democratic institutions, countering corruption and encouraging a peaceful democratic political transition in Chad remain significant challenges to our diplomatic efforts. They are also critical for peace and security in the central African region. End Summary.

- - - - -
THE DOMESTIC LANDSCAPE
- - - - -

¶2. (SBU) Fireworks and lavish banquets attended the inauguration of President Deby for a third five-year term on August 8, 2006. A referendum (widely viewed as rigged) abolished presidential term limits in 2005, allowing him to run for office indefinitely. The unprecedented price of oil has sent his tax receipts skyrocketing, despite the poor quality of Chad's "Doba Crude." He successfully trounced a rebel attack on the capitol on April 13 with help from the French (President Chirac is a staunch supporter.) A much-publicized feud with the World Bank over use of oil resources for poverty reduction has been resolved for the time being, and -- even better -- publicly blessed by World Bank President Wolfowitz in a rapid stopover in N'djamena last month. While rebel groups in the south and east are audacious and persistent, they face a President who is himself a tested warrior. But dangers abound, primarily from within his own family, some of whom have joined rebel groups in Sudan, others of whom are in self-declared exile abroad. The public enrichment of the President's Zaghawa clan is a source of division, both from outsiders jousting for a share

of the spoils, and insiders scheming to maintain the family's place at the public trough. The state of the President's health - a constant source of speculation - has led some observers to predict that he will not live through his current term, adding to the uncertainty which veils Chad's political future. Although President Deby has presided over Chad's most peaceful era since independence, his legacy is undermined by his unwillingness to move seriously toward opening the political arena, and, more importantly, demonstrating that a peaceful transition of political power is possible in Chad.

- - - - -
THE SUDAN FACTOR
- - - - -

13. (SBU) Chad's make-up-to-break-up relationship with Sudan has come full circle over the last year. Last year at this time, Chad was still a mediator in the Darfur conflict. The Cease-Fire Agreement, negotiated in N'djamena in 2004, marked a significant step in the path to the May 2006 Darfur Peace Agreement (DPA). But Sudan's support for Chadian rebels in the fall and winter of 2005 forced Chad's hand, and Chad withdrew from the scene as a mediator. Although it would appear that President Deby has everything to gain from peace returning to Darfur, DPA Signatory Minni Minnawi has publicly accused the regime of supporting DPA non-signatories in their attacks against Minnawi's forces. Chad has accused Sudan in turn with providing arms and foot soldiers in the April 13 attack on N'djamena. Nonetheless, a very public hug between President Deby and President Bashir at Deby's inauguration ushered in the latest reconciliation between the two countries. Chad and Sudan agreed July 26 to reinstate

NDJAMENA 00001073 002 OF 004

diplomatic relations, and desist from supporting Darfur rebel movements (Chad) and Chadian rebels (Sudan). But the cross-border nature of the Darfur conflict cannot be overemphasized. The vast territory which comprises Western Darfur and Eastern Chad is home to numerous ethnic groups (not limited to the President's Zaghawa clan) which cross the border indiscriminately, maintaining allegiance to their group, and not to any state. Changing land-use patterns which bring more settled agriculturalists into conflict with pastoralist groups and the asymmetrical impact of Khartoum's involvement in inter-ethnic clashes has forged a deadly conflict that can no longer be resolved by traditional dispute settlement procedures. Despite the recent reconciliation, each regime may see it in its interests to seek to maintain a destabilizing wedge in the other's political affairs.

- - - - -
REFUGEES IN CHAD
- - - - -

14. (SBU) Chad's Eastern border hosts 12 refugee camps containing over 200,000 Sudanese refugees. President Deby feels strongly that the international community has failed to recognize Chad's sacrifice in hosting these refugees. It is true that Chad's environmentally fragile eastern region has been negatively impacted by the presence of refugees competing for water and firewood with the local inhabitants. In recognition of the needs of the local population, both the UN and donors (in particular, the United States) have earmarked funding specifically to improve livelihoods and living conditions for local populations. In April 2006, in the wake of a rebel incursion into N'djamena, and needing to reinforce vulnerable border points against armed Chadian rebels in Sudan, President Deby announced that he was unable to guarantee security for the refugees. Fears that Chad might actually expel the refugees proved unfounded, but the increasing insecurity in Eastern Chad -- manifested in the rise in Chadian Internally Displaced Persons (IDPs) moving away from the border and in increasing attacks on humanitarian workers and recruitment of refugees by rebel

groups within the camps -- pose urgent challenges. In recognition of the need to provide greater security for refugee camps and humanitarian workers, the United States recently earmarked \$1.9 million to the UN High Commissioner for Refugees to assist in beefing up security, including hiring additional gendarmes and to provide protection for IDP's. The United States has committed over USD 183 million over the past three years to UNHCR, the World Food Program and other relief agencies in Chad, making it by far the largest donor to the humanitarian relief effort.

- - - - -
DEBY, OIL, AND DONORS
- - - - -

15. (SBU) Chad's first oil began pumping in 2003 and flowing down the 1070-kilometer pipeline to the Cameroonian coast. The largest single U.S. private investment in Africa, the over \$4 billion project is managed by a consortium led by ExxonMobil. Chad earned USD 260 million from oil revenues in 2005. Projected revenues for 2006 (from all sources) are approximately USD 450 million and could balloon to over a billion USD in 2007 if oil prices stay high. The pipeline is now handling up to 170,000 barrels of oil per day and new oil fields are being brought on line.

16. (SBU) As part of the financing package arranged by the World Bank and other lenders, Chad agreed to an innovative arrangement for managing its oil revenues whereby the bulk of the royalties would be earmarked for social sectors such as health and education. An oil revenue management body, with members drawn from the government, civil society, religious groups, and labor unions was to oversee expenditure. Not surprisingly, this pathbreaking experiment in transparency foundered in December 2005 when the President, strapped for cash, unilaterally changed the Chadian law governing use of oil revenues. This provoked a rupture with the World Bank which has taken over five months to resolve. Last month World Bank President Wolfowitz visited Chad to anoint a new agreement which recommitts the Government of Chad (GOC) to

NDJAMENA 00001073 003 OF 004

allocate a larger percentage of oil royalties for priority poverty reduction sectors, and allows some wiggle room for spending on security.

17. (SBU) In the meantime, the price of oil has eclipsed all predictions, and Chad's indirect revenues (coming from taxes paid by the oil consortium) have skyrocketed. Part of the new arrangement with the World Bank is that these indirect revenues -- in addition to the royalties -- will also be used for poverty reduction. Chad's oil boom -- expected to last less than a decade -- will severely test its absorptive capacity and ability to manage and spend the resources so as to promote sustainable economic growth and improve the Chadian standard of living (currently ranked among the lowest in the world.)

- - - - -
DEBY'S DEDICATION TO FIGHTING TERRORISM
- - - - -

18. (SBU) In March 2004, the Chadian army engaged in an intense battle with members of the terrorist group GSPC. The terrorist leader Al-Para was finally handed over to Algerian authorities in October of that year. The cooperation of Chad's security services and army on counter-terrorism issues has been excellent, and President Deby welcomes additional U.S. counterterrorism assistance provided under the Trans-Sahara Counterterrorism Initiative (TSCTI). In July 2004, U.S. Marines finished training and equipping 179 Chadian soldiers as part of the Pan-Sahel Initiative (PSI), the TSCTI precursor. These troops learned to respond to internal threats from terrorism and banditry. In 2005 and 2006, Chad participated in several U.S. military training programs, including the Flintlock exercise. U.S. assistance

continues with retraining of the PSI unit, and training of additional recruits. For the most part, Chadian Muslims are moderate and Muslim leadership in Chad is supportive of U.S. programs throughout the country. Muslim leaders also work closely with the government to rein in radical Islamic elements.

- - - - -
DEBY, DEMOCRACY, AND DEVELOPMENT
- - - - -

¶9. (SBU) Chad's human rights record remains poor and government institutions lack the capacity and the will to bring justice to average Chadians. In addition to Deby's heavy-handed attempt to revise the Constitution to allow him to run for another term, government harassment of the media has surfaced periodically. The National Assembly is easily manipulated by the Presidency. The international corruption watchdog organization, "Transparency International" named Chad (along with Bangladesh) as the world's most corrupt country in 2005. Corruption permeates most aspects of government operations. Civil society remains fragmented and too weak to pose a counterbalance to government power. Aside from oil, most Chadians earn a living through agriculture or livestock. Once a significant source of revenue, Chad's cotton producing sector has been unable to successfully pursue opportunities offered by privatization. U.S. cotton subsidies are frequently blamed as the source of the collapse of Chad's cotton sector, but inefficient management by parastatals has as much to do with the sector's failures. Chad is eligible to export products under the African Growth and Opportunity Act, but, aside from oil, has only managed to export a negligible amount of gum arabic and shea butter. Poor to non-existent infrastructure, corruption and absence of a skilled work force hinder foreign and domestic investment.

¶10. (SBU) The United States closed its USAID Mission in Chad over ten years ago. A modest amount of U.S. assistance is managed for the most part directly by the Embassy and supports grass-roots efforts to improve education, access to water, and promotion of human rights. The Mission also maintains a strong outreach to Muslim communities.

- - - - -
OUR MESSAGE
- - - - -

NDJAMENA 00001073 004 OF 004

¶11. (SBU) Our primary message to President Deby concerns the need to develop democratic institutions in Chad, allow room for other political contenders to compete in credible elections, and take steps to promote a peaceful transition. Chad's role in supporting the Darfur Peace Agreement, particularly given its recent rapprochement with Sudan, is also extremely important. We recognize Chad's contribution to counter-terrorism and to regional stability and its role as host to over 200,000 Sudanese refugees.

-- Democracy: Chad's long-term political stability requires the development of its democratic system, including a strong civil society and respect for human rights and rule of law. An inclusive political environment must be created which allows for credible elections and a peaceful political transition.

-- Refugees: We appreciate the welcome that Chadians have given to the refugees from Sudan despite severely limited resources. Our government has already provided over USD 183 million over the last three years for humanitarian relief in Eastern Chad and will continue to provide support for the on-going humanitarian efforts, some of which will assist local populations.

-- Darfur Peace Agreement: We urge commitment by all to

support the Darfur Peace Agreement, to end violence and restore security.

-- Development: We stress the importance of Chad's oil resources being used for poverty reduction.

-- Anti-terrorism: We value our partnership with Chad in the war against terror. We look forward to working with Chad on TSTCI and other programs of bilateral cooperation.

SIPDIS

[1](#)12. (U) Tripoli minimize considered.

WALL